

## Message Text

LIMITED OFFICIAL USE

PAGE 01 BELGRA 01391 01 OF 02 031034Z

15

ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 AGR-05

FRB-03 LAB-04 PA-01 ITC-01 PRS-01 XMB-02 IO-11

( ISO ) W

----- 046889

R 021520Z MAR 76

FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC 5795

INFO AMEMBASSY PARIS

USMISSION OECD PARIS

USMISSION USUN

LIMITED OFFICIAL USE SECTION 1 OF 2 BELGRADE 1391

E.O. 11652: N/A

TAGS: ECIN, CIEC, YO

SUBJECT: REPORTING REQUIREMENTS FOR WORK OF CIEC COMMISSIONS

REF : A. STATE 20560, B. STATE 21456, C. BELGRADE 367

SUMMARY: YUGOSLAV GIVE CONSIDERABLE SIGNIFICANCE TO CIEC AS FORUM FOR DC AND LDC DISCUSSIONS. WE EXPECT THEM TO BE REASONABLY PRAGMATIC IN FORMULATING POSITIONS IN CIEC, BUT BALANCING THIS WILL BE NEED TO PRESERVE G-19 UNITY, WHICH CERTAINLY IS IMPORTANT AND PERHAPS OVER-RIDING CONSIDERATION IN YUGOSLAV EYES. YUGOSLAVS, BECAUSE OF EXTENSIVE COMMITMENTS, THIN ON GROUND IN AREA OF MULTILATERAL ECONOMIC AFFAIRS. CONSULTATIONS WITH THEM AT EARLY STAGE COULD WELL BE USEFUL. END SUMMARY

1. BEFORE RESPONDING TO THE SPECIFIC QUESTIONS IN REF (A),

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BELGRA 01391 01 OF 02 031034Z

SOME GENERAL REMARKS ABOUT YUGOSLAVIA'S APPROACH TO CIEC MAY BE

USEFUL. BOTH PUBLICLY AND PRIVATELY THE YUGOSLAVS HAVE STRESSED THE IMPORTANCE THEY ATTACH TO CIEC AS FOCAL POINT FOR DISCUSSIONS BETWEEN DEVELOPED AND DEVELOPING COUNTRIES. FONMIN MINIC IN DECEMBER 16TH ADDRESS TO CIEC SET FORTH CONFERENCE'S MAJOR GOALS AS PERCEIVED BY YUGOSLAVS TO BE (A) HALTING OF DETERIORATING OF LDC'S TERMS OF TRADE; (B) GUARANTEE OF STABLE CONDITIONS OF SUPPLY FOR ENERGY AND RAW MATERIALS TO ALL COUNTRIES; (C) ESTABLISHMENT OF MACHINERY FOR REAL TRANSFER OF FINANCIAL RESOURCES TO LDC'S ; AND (D) ESTABLISHMENT OF PRACTICAL CONDITIONS FAVORING OPTIMAL DEVELOPMENT OF WORLD ECONOMY, SO AS TO FOSTER ACCELERATED DEVELOPMENT OF LDC'S. MINIC STRESSED THAT THESE BROAD GOALS WERE TO BE ACHIEVED BY COOPERATIONS RATHER THAN CONFRONTATION.

2. WE EXPECT THAT YUGOSLAVS WILL BE REASONABLY PRAGMATIC AND MODERATE IN FORMULATING POSITIONS IN CIEC AND ARE PREPARED TO SETTLE FOR FAR LESS THAN SOME OF THEIR THIRD WORLD RHETORIC WOULD SUGGEST. FIRST OF ALL, YUGOSLAVIA'S ECONOMIC INTERESTS ARE SOMEWHAT CLOSER TO GROUP-8 COUNTRIES THAN TO MOST G-19 LDC'S. ABOUT 66 PERCENT OF YUGOSLAVIA'S IMPORTS ARE RAW MATERIALS AND SEMI-MANUFACTURES (VALUED AT \$5 BILLION) AND IN PRACTICAL TERMS THIS FAR OUTWEIGHS THE 53 PERCENT OF HER EXPORTS (VALUED AT \$2 BILLION) THAT CONSISTS OF DOMESTICALLY PRODUCED RAW MATERIALS AND SEMI-MANUFACTURES. FURTHERMORE, THEY HAVE RECENT EXPERIENCE OF OIL AND COMMODITY PRICE BOOM OF 73/74 WHICH HURT THEIR OWN ECONOMIC DEVELOPMENT AND CONTRIBUTED SIGNIFICANTLY TO THEIR OWN ECONOMIC PROBLEMS (BELGRADE 342). YUGOSLAVS SEEMINLY PERSUADED THAT TIME FOR RHETORIC AND CONFRONTATION ALONE HAS PASSED AND RECOGNIZE THAT DEVELOPED COUNTRY COOPERATION IS ESSENTIAL INGREDIENT FOR SERIES OF PRACTICAL AGREEMENTS THEY HOPE TO SEE EMERGE FROM CIEC. THEY ALSO RECOGNIZE THAT AT THIS STAGE THERE NO EASY SOLUTION TO WORLD ECONOMIC PROBLEMS. MINIC HAS WREADY PREDICTED THAT CIEC NEGOTIATIONS WILL BE LONG AND DIFFICULT (BELGRADE 1284); AND FSFA OFFICIAL WELL-VERESTED IN GOY POSITIONS ON MULTILATERAL ISSUES RECENTLY EMPHASIZED THE LONG-TERM NATURE OF CIEC WORK.

THIS NOT TO SUGGEST THAT YUGOSLAVIA WILL BE PARTICULARLY EASY NEGOTIATING PARTNER. NEED TO PRESERVE G-19 UNITY IS CERTAINLY ONE, AND PERHAPS THE RPT THE OVER-RIDING CONSIDERATION IN YUGOSLAV EYES. LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BELGRA 01391 01 OF 02 031034Z

THEY ALREADY HAVE BEEN ACTIVE IN RUN-UP TO OPENING OF CONFERENCE--SEEKING COMMON LDC POSITION ON QUESTIONS TO BE CONSIDERED BY CONFERENCE. WE EXPECT THIS EFFORT TO CONTINUE DURING COMMITTEE STAGES AS ISSUES JOINED. THIS IS PARTIALLY BECAUSE OF DESIRE KEEP OIL PRODUCERS IN LINE AND AVOID HAVING THEM SPEAK ON BEHALF OF ALL G-19. MORE SIGNIFICANTLY THEY FEEL LDC UNITY HAS GOTTEN THEM WHERE THEY ARE TODAY AND THAT IT VALUABLE PER SE AS NEGOTIATING TOOL. IN ADDITION POLITICAL SECURITY IMPERATIVE FOR YUGOSLAVS IS LEADERSHIP

ROLE -- OR AT LEAST ITS SEMBLANCE -- AMONG NATIONS OF DEVELOPING WORLD. YUGOSLAVS HAVE SHOWN THEMSELVES QUITE PREPARED SACRIFICE THEIR IMMEDIATE ECONOMIC INTERESTS IN ORDER AVOID LOSING TOUCH WITH MAJORITY OF LDC'S. THUS, PUBLICLY YUGOSLAVS HAVE HAD NOTHING BUT PRAISE FOR OPEC CARTEL; EVEN THOUGH ITS ACTIONS HAVE CREATED REAL PROBLEMS FOR THEIR OWN ECONOMY. THESE CONSIDERATIONS SUGGEST THAT SHOULD RADICALS IN G-19 SEIZE INITIATIVE, YUGOSLAVS WILL BE AS LOUD AS ANYONE ELSE IN SUPPORTING THEM. SO MUCH FOR GENERAL YUGOSLAV STANCE.

4. IN RAW MATERIALS COMMISSION, YUGOSLAVIA LIKELY PRESS FAIRLY HARD FOR SERIES OF GENERAL DC COMMITMENTS, WHILE RECOGNIZING THAT CIEC NOT APPROPRIATE FORUM FOR NEGOTIATIONS ON INDIVIDUAL COMMODITY PROBLEMS. AS INDICATED ABOVE, YUGOSLAVIA VERY SUBSTANTIAL NET IMPORTER OF RAW MATERIALS. BUT SOME COMMODITIES (COPPER, BAUXITE, LEAD AND ZINC) ARE SIGNIFICANT EXPORT EARNERS, PARTICULARLY IN HARD CURRENCY MARKETS. THUS IN 1974 YUGOSLAV EARNINGS FROM EXPORT OF BLISTER AND REFINED COPPER AMOUNTED TO \$136 MILLION; BAUXITE AND ALUMINA ABOUT \$27 MILLION; ZINC ABOUT \$48 MILLION; AND LEAD ABOUT \$26 MILLION. ALTOGETHER, THESE PRODUCTS ACCOUNTED FOR ABOUT 6.3 PERCENT OF TOTAL YUGOSLAV EXPORTS. IN TERMS OF DOMESTIC POLICY, WORTH NOTING THAT YUGOSLAVIA GIVING HIGH PRIORITY TO DEVELOPMENT OF INDIGENOUS SOURCES OF RAW MATERIALS, SO AS TO FREE THEMSELVES FROM IMPORTS TO MAXIMUM EXTENT POSSIBLE, THIS BOTH FOR BALANCE OF PAYMENTS REASONS AND TO PROVIDE MAXIMUM POSSIBLE DEGREE OF INDEPENDENCE FROM SUPPLY DISTURBANCES. YUGOSLAVIA ALSO FUNDAMENTALLY REVISING CUSTOMS LAW IN DIRECTION THAT REPORTEDLY WILL GIVE GREATER PROTECTION TO DOMESTIC SUPPLIERS OF AND PROCESSORS OF RAW MATERIALS.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 BELGRA 01391 02 OF 02 031019Z

15

ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 AGR-05

FRB-03 LAB-04 PA-01 ITC-01 PRS-01 XMB-02 IO-11

( ISO ) W

----- 046905

R 021520Z MAR 76  
FM AMEMBASSY BELGRADE  
TO SECSTATE WASHDC 5796  
INFO AMEMBASSY PARIS  
USMISSION OECD PARIS  
USMISSION USUN

LIMITED OFFICIAL USE SECTION 2 OF 2 BELGRADE 1391

5. WITH RESPECT SPECIFIC QUESTIONS (APRA 5, REF A), WE EXPECT YUGOSLAVIA WILL BE MOST INTERESTED IN DELIBERATIONS ON COPPER AND BAUXITE. YUGOSLAVIA IS OBSERVER IN CIPEC AND SIGNATORY OF IBA. BECAUSE OF TRADE INTEREST IN LEAD AND ZINC THEY MAY PUSH THESE AS WELL, ALTHOUGH APPARENTLY YUGOSLAVIA SATISFIED FOR MOMENT AT LEAST WITH ACTIVITIES OF LEAD AND ZINC STUDY GROUP. YUGOSLAVIA UP UNTIL RECENTLY WAS POINTEDLY DISINTERESTED IN WORK OF SPECIALIZED INTERNATIONAL COMMODITY GROUPS, BUT THIS ATTITUDE CHANGING. YUGOSLAVIA JOINED INTERNATIONAL COFFEE AGREEMENT LAST YEAR, AND THIS MAY FORESHADOW GREATER ACTIVITY IN THIS AREA. YUGOSLAVIA AN INSIGNIFICANT FACTOR IN WORLD MARKETS FOR VIRTUALLY ALL COMMODITIES NOW COVERED OR LIKELY TO BE COVERED BY INTERNATIONAL COMMODITY AGREEMENTS EXCEPT FOR THOSE OF DIRECT TRADE INTERESTS CITED ABOVE. THEREFORE, WE EXPECT YUGOSLAVS ROLE IN SUC GROUPS WILL BE LIMITED TO SEEKING WHATEVER POLITICAL CAPITAL MAY ACCRUE TO THEM FOR SUPPORT OF LDC INTERESTS WITHIN THESE GROUPS. THE YUGOSLAVS WERE KEENLY INTERESTED  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BELGRA 01391 02 OF 02 031019Z

IN UNCTAD INTEGRATED COMMODITY PROGRAM WHEN IT FIRST SURFACED, PARTICULARLY

SINCE THEY SAW IN IT A WAY BOTH TO TAP OPEC COUNTRIES' FINANCIAL STRENGTH AND RAISE PRICES OF MINERALS THEY EXPORT. RECENTLY, HOWEVER, THEY LESS ENTHUSIASTIC ABOUT IT IN PRIVATE AS THEY HAVE COME TO REALIZE ITS COMPLEXITIES, ALTHOUGH THEY CAN BE COUNTED ON TO GIVE IT AT LEAST VERBAL SUPPORT. COMPENSATORY FINANCING HAS SOME ATTRACTION FOR THEM AND INDEXATION IS STRONGLY SUPPORTED, BUT ONLY AS A MEANS TO THE END OF IMPROVING LDC'S TERMS OF TRADE. EMBASSY TOLD BY WELL-PLACED YUGOSLAV THAT THEY WOULD NOT PRESS INDEXATION IF ALTERNATIVE MEANS TO ACCOMPLISH SAME END COULD BE FOUND. APART FROM RITUAL DENUNCIATION OF MULTILATERALS, YUGOSLAVS HAVE SEEMINGLY NOT FOCUSED ON PROBLEMS OF INVESTMENT OR TRADE.

6. ON DEVELOPMENT PROBLEMS, YUGOSLAVIA SHOWS SOME CONCERN FOR PLIGHT OF MSA'S AND HAS STRESSED CRUSHING BURDEN OF DEBT NOW BEING PILED UP BY SUCH COUNTRIES. HOWEVER, THEY ARE A LITTLE UNEASY ABOUT WHOLE CONCEPT OF MSA'S -- PARTICULARLY WHEN IT TAKES FORM OF CONTRAST BETWEEN THIRD WORLD AND FOURTH WORLD. THIS BOTH FOR

POLITICAL REASONS -- THEY WISH AVOID OR PAPER OVER SPLIT WITH LDC RANKS -- AS WELL AS FOR PRACTICAL REASONS --THEY WANT CONTINUE ENJOY TRADE BENEFITS GIVEN TO LDC'S AS GROUP (E.G., GSP) SINCE BY ANY STANDARD THEY AMONG MOST DEVELOPED OF LDC'S. LONG-TERM DEVELOPMENT AID HAS HIGH PRIORITY FOR YUGOSLAVS AND THEY ACTIVE IN PROMOTING CONCEPT EVEN TO EXTENT OF FINANCING MODEST AID PROGRAM OF THEIR OWN. WITH RESPECT OF LDC FINANCING NEEDS, YUGOSLAVS WERE CAUTIOUSLY PLEASED WITH US INITIATIVES AT 7TH SPECIAL SESSION AND GOY OFFICIALS HAVE SINCE AGREED WITH EMBASSY OFFICERS WHEN REMINDED THAT SEVERAL RECENT FINANCIAL AND MONETARY MOVES PRAISED BY GOY WERE SUGGESTED BY SECRETARY IN SEPTEMBER 1ST SPEECH. WITH RESPECT TO OPEC'S AID EFFORT, PUBLIC LINE IS THAT OIL PRODUCERS HAVE GIVEN GENEROUSLY. INDEED USUAL CONTRAST IS WITH "NIGGARDLY" WESTERN AID. HOWEVER, IN PRIVATE YUGOSLAVS HAVE CRITICIZED SLOWNESS WITH WHICH OPEC AID HAS BEEN MADE AVAILABLE AND DEGREE WITH WHICH IT HAS BEEN CONCENTRATED ON LIMITED NUMBER OF RECIPIENTS. WE DOUBT, HOWEVER, IF MUCH COULD BE MADE OF THIS DISCREPANCY BETWEEN PUBLIC AND PRIVATE PERCEPTIONS. YUGOSLAVS HAVE BEEN NOTABLY LEERY OF TAKING ON OPEC COUNTRIES NOT THE LEAST BECAUSE THEY STILL HAVE HOPES OF OBTAINING FINANCIAL CREDITS FROM SEVERAL OF THEM. ON FOOD ISSUES, YUGOSLAV INTEREST NOT UNLIKE OURS AND AT LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BELGRA 01391 02 OF 02 031019Z

WFC IN 1974 WE UNDERSTAND THEY TOOK MODERATE AND CONSTRUCTIVE LINE. FINALLY TECHNOLOGY TRANSFER FAVORITE THEME OF YUGOSLAVS AND WITHIN GROUP 77 THEY HAVE SPECIAL RESPONSIBILITIES IN THIS AREA.

7. A LAST GENERAL POINT: YUGOSLAVS EXTREMELY THIN ON GROUND IN TERMS OF EXPERTISE ON MULTILATERAL ECONOMIC ISSUES. THEIR FIRST TEAM IS QUITE CAPABLE, BUT SINCE BOTH THEIR NON-ALIGNED POSITION AND RHETORIC COMPLES THEM TO, THEY SCRAMBLE TO PARTICIPATE FULLY IN BOTH THIRD WORLD AND BROADER INTERNATIONAL MEETINGS. THUS THEIR HANDFUL OF EXPERTS MUST COVER INCREASING NUMBER OF ORGANIZATIONS AND MEETINGS TO POINT WHERE THEY CAN GIVE ONLY SUPERFICIAL ATTENTION TO MANY ISSUES. THIS REPRESENTS SOMETHING OF A DANGER, SINCE THE THIRD WORLD CLICHE IS WHAT COMES MOST READILY TO MIND WHEN CONFRONTED WITH NEW PROBLEM. AT SAME TIME, SINCE THERE ARE SO FEW ACTORS ON GOY STAGE WHO KNOW CONTENT OF THE PLAY AS WELL AS THEIR LINE, CONSULTATIONS WITH THEM COULD PAY OFF. SINCE THEY SOMETIMES ADOPT POSITIONS AS MUCH OUT OF IGNORANCE AS MALICE -- OR THOUGH COMBINATION OF BOTH -- IT WILL NOT HURT TO GET TO THEM WITH OUR SCRIPT BEFORE THE DRESS REHEARSAL. IT MIGHT EVEN HELP FROM TIME TO TIME. SWEITZER

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC COOPERATION, ENERGY, LESS DEVELOPED COUNTRIES, POLICIES, MEETING AGENDA, MEETING REPORTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 02 MAR 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976BELGRA01391  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760100-0894, D760080-1152  
**From:** BELGRADE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t197603106/aaaadozp.tel  
**Line Count:** 274  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 5  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 STATE 20560, 76 STATE 21456, 76 BELGRADE 367  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** morefirh  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 19 APR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <19 APR 2004 by ElyME>; APPROVED <07 JUL 2004 by morefirh>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** REPORTING REQUIREMENTS FOR WORK OF CIEC COMMISSIONS  
**TAGS:** ECIN, ENRG, OCON, YO, CIEC  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006